

Message Text

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PAGE 01 STATE 094710
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C O N F I D E N T I A L STATE 094710

LIMDIS, FOR EA ONLY, MANILA POUCH CEBU

E.O. 11652: GDS

TAGS: SHUM, CFED, RP

SUBJECT: WEEKLY STATUS REPORT - PHILIPPINES

TO: EA - MR. HOLBROOKE

FROM: EA/PHL - BENJAMIN A. FLECK

1. VETERANS AFFAIRS (LIMITED OFFICIAL USE)

ON APRIL 11, MARK SCHNEIDER AND I MET WITH STAFF MEMBERS
OF THE VETERANS AFFAIRS COMMITTEE OF THE SENATE TO
DISCUSS THE FUTURE OF THE MEDICAL BENEFITS PROGRAM FOR
VETERANS IN THE PHILIPPINES. DURING THE COURSE OF THE
DISCUSSION, THE STAFFERS APPEARED TO BE LEANING TOWARD
A RECOMMENDATION TO THE COMMITTEE THAT THE ENTIRE MEDICAL
BENEFITS PROGRAM BE CONTINUED FOR AN ADDITIONAL YEAR,
WITH ELIMINATION OF FUNDING FOR TREATMENT OF NON-SERVICE
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PAGE 02 STATE 094710

CONNECTED DISABILITIES BEING RETAINED AS AN ULTIMATE
OBJECTIVE.

2. RETURN OF AMBASSADOR ROMUALDEZ (LIMITED OFFICIAL USE)

ACCORDING TO CHARGE BELISARIO, AMBASSADOR ROMUALDEZ IS
EXPECTED TO RETURN TO WASHINGTON DURING THE WEEKEND OF

APRIL 15/16. BELISARIO STATED THAT THE AMBASSADOR'S RECOVERY FROM HIS RECENT OPERATION HAS BEEN SLOWED BY HIS DIABETIC CONDITION.

3. AQUINO VIDEOTAPE (UNCLASSIFIED)

ARRANGEMENTS HAVE BEEN MADE TO SHOW THE VIDEOTAPE OF SEN. BENIGNO AQUINO'S MARCH 10 TELEVISION INTERVIEW IN THE EAST ASIA CONFERENCE ROOM THIS FRIDAY, APRIL 14, AT 4:00 P.M.

4. CHEMICAL BANK LOOKS AT THE PHILIPPINES (CONFIDENTIAL)

A GROUP OF CHEMICAL BANK OFFICERS CALLED ON EA/PHL FOR AN UPDATE ON PHILIPPINE POLITICAL AND ECONOMIC DEVELOPMENTS IN KEEPING WITH THE BANK'S PERIODIC REVIEW OF COUNTRY PROFILES AS A BASIS FOR LENDING DECISIONS. CHEMICAL MAINTAINS A QUOTE FAIRLY SIGNIFICANT END QUOTE EXPOSURE IN THE PHILIPPINES, BOTH SHORT AND LONGER TERM. THE BANK IS PARTICIPATING, AS PART OF THE CONSORTIUM, IN REFINANCING \$460 MILLION OF PRIOR PHILIPPINE BORROWINGS SOUGHT BY THE GOP (AND MANY OTHER COUNTRIES) TO TAKE ADVANTAGE OF CURRENT LOWER INTEREST RATES (ONE PERCENT OVER LIBOR) AND LONGER REPAYMENT PERIODS YEARS).

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PAGE 03 STATE 094710

CHEMICAL CONFIRMED THAT THE GOP IS ALSO CONSIDERING REFINANCING \$256 MILLION IN BORROWINGS FOR THE WESTINGHOUSE NUCLEAR POWER PLANT PROJECT. CHEMICAL AND EVIDENTLY OTHER FOREIGN BANKS HAVE URGED THAT THIS ACTION BE DEFERRED AT LEAST UNTIL THE IMPACT OF RECENT UNFAVORABLE PUBLICI FADES. THE GOP APPARENTLY HAS NOT MADE A FINAL DECISION, BUT CHEMICAL ADMITTED THAT IF IT GOES AHEAD THERE WOULD BE SUFFICIENT INTEREST BY VARIOUS BANKS TO OBTAIN REFINANCING.

OUR VISITORS INDICATED THAT WITHIN THE BANK THERE HAS BEEN SOME DEBATE AS TO HOW FAR CHEMICAL SHOULD GO IN LENDING TO VARIOUS PHILIPPINE PROGRAMS AND PROJECTS WHICH MIGHT SOME DAY, WITH A CHANGE OF GOVERNMENT IN MANILA, LEAVE IT OVERLY AND UNFAVORABLY IDENTIFIED WITH THE MARCOS REGIME AND HIS BUSINESS ASSOCIATES. WE SUGGESTED THAT THE BANK CAREFULLY CONSIDER EACH VENTURE WITH A VIEW TO IDENTIFYING THOSE WHICH IN ANY EVENT WOULD LIKELY SURVIVE A CHANGE IN PHILIPPINE POLITICAL FORTUNES. CHRISTOPHER

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